GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:171
ANSWERED ON:01.03.2002
INTEREST OF INVESTORS
RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

(a) whether the objective of SEBI was to protect the interest of theinvestors in securities by promoting the development of regulation of securities market;

(b) if so, to the extent in which and how far SEBI has succeeded in attaining the objectives;

(c) the specific policy reforms and programmes have been pursued by SEBI during the preceding two years for regulating the securities market; and

(d) the extent in which these programmes have succeeded?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) The Securities & Exchange Board of India (SEBI) was established to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto.

(b) to (d) Since its establishment, SEBI has taken several measurestowards the objectives for which it was set up, including strengthening of entry and disclosure norms; screen-based nation-wide trading; dematerialisation and electronic transfer of securities; rolling settlement; risk management measures; derivatives trading etc.

SEBI has initiated a number of regulatory measures to enhance investor protection and to bring more transparency in market operations. SEBI and stock exchanges have set up investor grievance redressal cellsand exchanges maintain investor protection funds to take care of investor claims. SEBI has prescribed uniform client codes for all clients to be used by all brokers. All deferral products have been banned from July 02, 2001.

With a view to enhancing the level of disclosures by listed companies, SEBI has made it mandatory for all listed companies to comply with the new accounting standard issued by the Institute of Chartered Accountants of India (ICAI). Disclosure norms for mutual funds have also been strengthened. Guidelines have been issued for investment/trading in securities by employees of asset management companies and mutual fund trustee

The market has become wider with a greater choice of instruments and deeper in terms of liquidity and the number of investors over the years. Settlement practices have improved considerably. The reforms introduced over the last few years have enhanced the integrity, transparency and efficiency of operation of capital markets.